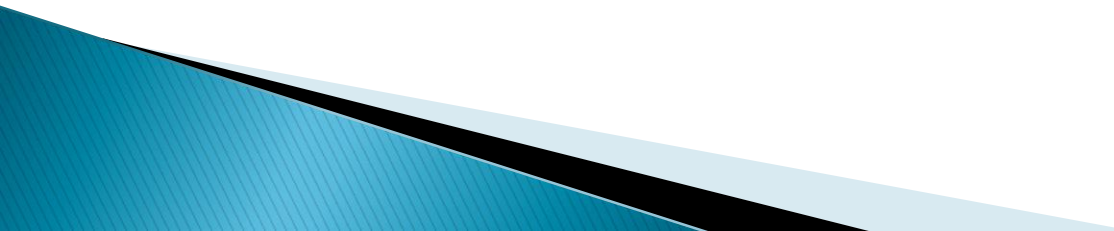
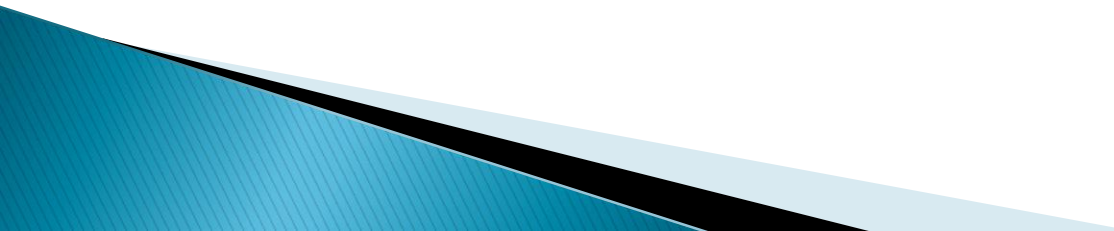


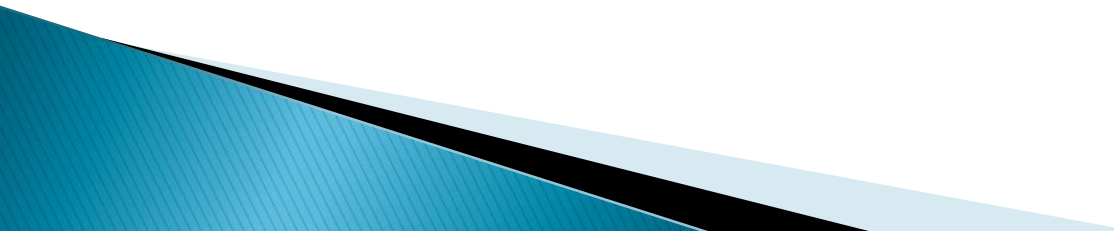
Cable Franchising in Seattle

- ▶ Authority derived from Title VI of Telecommunications Act (47 USC 521–572)
 - ▶ SMC 21.60 Seattle Cable Code
 - ▶ Telecom regulated under Title II (federal and state)
 - ▶ Internet Title I, virtually unregulated
 - ▶ Existing regulatory framework under stress due to technological advances
- 

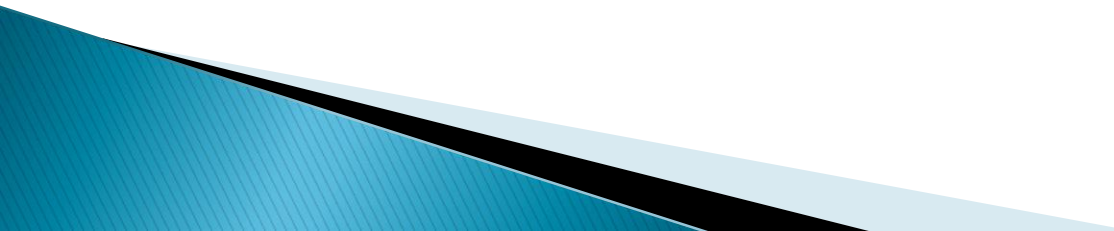
Cable Franchising in Seattle

- ▶ City can require: (through franchise and/or code)
 - Legal, financial and technical qualifications
 - Appropriate management experience
 - Compensation for use of ROW (franchise fees)
 - Consumer protection and privacy standards
 - Cable-related benefits
 - Broad programming categories
 - Insurance, bonding and indemnification
 - Buildout
 - PEG channels and facilities
- 

PEG Channels

- ▶ Authority: 47 USC Sec. 531
 - Franchising authorities may require cable operators to set aside video channel capacity for local, non commercial PEG programming.
 - Cable operators expressly prohibited from exercising any editorial control
 - City can require capital support for PEG
 - If City requires operating support cable operators can deduct from franchise fees
 - All costs passed through to subscribers
- 

PEG in Seattle

- ▶ 16 possible channels (8 digital; 8 analog)
 - ▶ 7 analog channels currently programmed
 - 1 Public – SCAN
 - 5 Educational (UW, UW2, SPS, CC, KCTS plus)
 - 1 Government– Seattle Channel
 - ▶ City provides operating and capital \$\$ for SCAN and Seattle Channel. Educational channels are self supporting
 - ▶ RFP for new model of Public Access expected March 21
- 

Seattle Broadband Initiative

- ▶ 2004–Present
 - ▶ Reasons
 - Policy failure
 - Market failure
 - Divergent interests
 - Controlling destiny
 - ▶ Studies
 - Futurists
 - Task force report
 - Consultants
- 

Federal Telecom Policymakers



Market Failure in Seattle



- Incumbent telco cannot compete
- Satellite, Wi-Fi not viable stand-alone alternatives
- Potential monopoly control
- Cable lacks incentive to innovate in Seattle
- Will invest only in competitive areas

Broadband Initiative: Diverging interests

We have arrived at a critical juncture in the evolution of the Internet where the economic interests of the cable and telco incumbents and the public interest diverge.

- ▶ Broadband Internet provides a powerful, low cost platform for innovation where anyone can create new services , applications and business models.
- ▶ This same capability threatens existing business models of cable/telecom companies so they will attempt to restrict what is possible.

Which way will we head ?

Cable/Telco Drivers that will shape Broadband: Increasing Profits/Maximizing Shareholder Value Next Quarterly Report

- ▶ Consolidation and Vertical Integration (NBC Universal, Wireless)
- ▶ Discriminatory transport
- ▶ Bandwidth as scarce resource (upstream)
- ▶ Diminished consumer protections
- ▶ Compromised consumers privacy rights
- ▶ High cost per megabit
- ▶ Meter Internet use and use bandwidth caps
- ▶ Minimize taxes and fees
- ▶ Limit social obligations
- ▶ Minimize regulation
- ▶ Protect existing business models
- ▶ Restrict competition
- ▶ Maximize return on sunken investments

Public Interest Drivers:

Maximize Social and Economic Benefits of True Broadband, Capture Positive Externalities

- ▶ **Promote Social Inclusion**
- ▶ **Create a Sustainable Environment**
- ▶ **Transform Public Education**
- ▶ **Improve quality and cost of health care delivery**
- ▶ **Empower citizens**
- ▶ **Enhance Civic Discourse**
- ▶ **Ensure diverse sources of news and opinion**
- ▶ **E-Government**
 - **Improve Municipal service delivery**
 - **Enhance democratic process and government transparency**
 - **Save \$\$**



City of Seattle

Public Interest Drivers

Maximize Social and Economic Benefits of Broadband

- ▶ **Maintain global economic competitiveness**
- ▶ **Retain high tech workers**
- ▶ **Create Transportation options**
- ▶ **Empower small business; new spin-offs**
- ▶ **A platform for Broadband service competition and continuing Innovation to address community needs**
- ▶ **Metro Broadband Intranet w/ Internet**

Broadband Initiative

“Broadband for All:
Within a decade **all** of Seattle
will have **affordable** access to an
interactive, open, broadband
network capable of supporting
applications and services using
integrated layers of voice, video
and data, with sufficient
capacity to meet the **ongoing**
information, communications
and entertainment needs of the
city’s citizens, businesses,
institutions and municipal
government”.

- ONLY FTTP CAN DELIVER
- City Continues to Study Feasibility

